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C O N F I D E N T I A L SECTION 01 OF 03 KATHMANDU 001007

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STATE FOR SA/INS
LONDON FOR POL - RIEDEL

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TAGS: [PGOV](#) [PREL](#) [NP](#) [GON](#)

SUBJECT: PM: "NO ALTERNATIVE" BUT TO DISSOLVE PARLIAMENT

REF: A. (A) KATHMANDU 995

[1](#)B. (B) KATHMANDU 996

[1](#)C. (C) KATHMANDU 1005

Classified By: AMB. MICHAEL E. MALINOWSKI. REASON: 1.5(B,D).

SUMMARY

[1](#)1. (C) In a May 23 meeting with Prime Minister Sher Bahadur Deuba, Ambassador Malinowski and British Charge Andrew Mitchell emphasized that the dissolution of Parliament presents the PM with a rare opportunity to form a technocrat, reformist Cabinet that could re-institute good governance, eliminate corruption, and improve the security situation throughout the country. The PM acknowledged those points, but seems more focused for now on regaining his party's good graces and on initiating party preparations for elections. The intra-party machinations of his political rival, former PM G.P. Koirala, left him no alternative but to ask the Cabinet to dissolve the Lower House. He plans to address the nation on television the evening of May 24. He does not intend to bring extension of the emergency before the National Assembly (the as-yet undissolved Upper House of Parliament) but will instead re-institute it through ordinance for another three months. The Army has assured him it can provide adequate security for the elections to take place within six months. While he does not doubt the King's commitment to democracy, he fears that some "people around him" may harbor anti-democratic sentiments. End summary.

DISSOLUTION THE ONLY WAY

[1](#)2. (C) On May 23 Ambassador Malinowski and British Charge Andrew Mitchell called on Prime Minister Sher Bahadur Deuba to discuss implications of the May 22 decision to dissolve the Lower House of Parliament (Ref C). Deuba told the envoys the constant conniving of his political rival, ruling Nepali Congress Party President and former PM G.P. Koirala, had left him "no alternative" but to ask the Cabinet to recommend dissolution. Koirala's allegations that the PM had not adequately consulted with the party before pursuing extension of the emergency were untrue; Deuba had met with party leaders twice and the security chiefs once before he introduced the extension proposal in the Parliamentary Secretariat. None of the party chiefs contacted, including

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Koirala, had ever raised any objection to the extension, he complained.

[1](#)3. (C) Even though Deuba acknowledged that he has a (slight) edge against Koirala among his party MPs, his long-time rival "could move against me at any time and sack me from the party." (Note: At the time of the meeting, Deuba had not yet been suspended from the Nepali Congress Party. The suspension order gave him three days in which to clarify his decision to defy the party. End note.) "I have the votes in Parliament, but for how long?" Koirala would never cease trying to lure away Deuba supporters in Parliament. In fact, Koirala had intended to bring a no-confidence motion against him the very next day, Deuba learned. Prolonged political in-fighting could demoralize the security forces and boost Maoist insurgents' efforts to destabilize the country. Hence his pre-emptive strike in dissolving Parliament.

NEXT STEPS?

[1](#)4. (C) Ambassador Malinowski noted the current situation, while regrettable, afforded Deuba a valuable opportunity to form a new, smaller Cabinet with well-regarded, talented technocrats and members of other parties to address the many pressing problems, such as the Maoist insurgency and rampant corruption, that Koirala's constant back-biting had distracted him from resolving. The Ambassador reported raising the topic with Opposition Leader Madhav Nepal, along with British CDA Mitchell, earlier in the day (Ref B), and

stressed the Opposition has "an open mind" about participating in a national government. Deuba could address the nation publicly on his plans, emphasizing that he was putting politics aside during this time of national crisis and would concentrate on these priorities during the six months before the election. He should appeal to the nation's voters to judge for themselves at election time whether or not he had fulfilled his pledge, the Ambassador urged.

15. (C) Deuba concurred with the Ambassador's suggestion, but noted that his first priority is to restore unity in the Nepali Congress. "I'm a party person," he explained, "and so I want a united party to go for the poll." After sorting out the intra-party discord, he might explore the possibility of a national Cabinet that could include the Opposition.

16. (C) British Charge Andrew Mitchell took up the theme of Deuba seizing the chance to form a high-powered Cabinet that could effectively address national problems. The dissolution could actually be a great opportunity for Deuba to announce a new Cabinet as a reforming government and demonstrate to people that democracy can work. By appealing directly to people's interests, he could win their support for the upcoming elections. He asked what the PM's strategy over the next few days would be.

17. (C) Deuba agreed with the sense of the British Charge's points, but returned again to his central preoccupation: the threat from within his own party. With the return of his mentor and party patriarch K.P. Bhattarai from abroad the following day, Deuba said he would be in a better position to address that challenge. The Ambassador asked if he planned to put his case before the nation; Deuba said he would do so in a televised address May 24.

SECURITY

18. (C) With Parliament dissolved, the Ambassador asked, what will happen to the emergency? Deuba said he would not bring the motion before the National Assembly, the (as-yet) undissolved Upper House of Parliament. (Comment: He does not have sufficient support within the National Assembly to win a two-thirds vote. King Gyanendra told the Ambassador later in the day that the Cabinet had just asked him to dissolve the Upper House. The King said he would do so the next day--May 24. End comment.) Instead, he plans to allow the emergency to lapse and then have it re-introduced by ordinance. According to the Constitution, the emergency could then last no more than three months. Deuba said that he would not want a longer extension in any event--and might actually abridge its duration to two months--since it would interfere with campaigning for the November polls.

19. (C) The Ambassador asked if the Royal Nepal Army (RNA) leadership is confident that it could provide adequate security during the election period and if voter lists--some of which may have been damaged during attacks on local government offices--are intact. The PM replied yes to both questions, noting that copies of voter lists have been maintained at the Election Commission in Kathmandu. The elections could also be staggered, Deuba said, with voting taking place in certain districts on different days, but with the final count taking place on the same day. There is already such a precedent. He added that he was meeting with the Chief of Army Staff later in the evening.

THE PALACE

110. (C) The Ambassador advised the PM that he and the British Charge would be meeting King Gyanendra later in the evening. Deuba predicted that the King would assure them of his staunch support of Constitutional democracy. Deuba asked that the two envoys "suggest to the King that he should cooperate with democracy." The PM said he isn't worried that the King himself harbors any anti-democratic ambitions, but rather that some "people around him" are "not in favor" of democracy. The Ambassador stressed that the U.S. could only provide assistance to Nepal if democracy remains intact.

COMMENT

11. (C) Chronic political infighting, in our view, has been the main impediment to Deuba's ability to demonstrate his effectiveness as a leader. His critics, however, both within his own party and in the Opposition, have long alleged that he is unable to assert forcefully enough the power of the civilian government. His insistence on continuing the emergency, presumably at the behest of either or both the RNA and the Palace, against the opposition of his own party will only reinforce that perception in some quarters. While the

Prime Minister agreed with the Ambassador and the British Charge's suggestions about the possible opportunities the current crisis presents, his main attention was obviously focused on saving his position within the party--and thus his chances for a Nepali Congress nomination in the impending elections. The party's decision just one hour later to suspend him (Ref C)--with the ever-imminent threat of ultimate expulsion--prove just how short-sighted his preoccupation was. As a self-proclaimed "party person," Deuba risks being soon cut adrift from that political mooring. The PM's slight edge in support among his party's MPs is unlikely to survive his probable expulsion in a society where virtually every association--from trade unions to human rights groups to university clubs--has a partisan affiliation. We have seen no evidence of anti-democratic elements at work in the Palace, as Deuba speculated, but will monitor the situation closely.

MALINOWSKI